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SARIMCO MINES LIMITED

SUITE 324 - 12 RICHMOND STREET EAST

TORONTO 1, CANADA

TELEPHONE
EMPIRE 8-4651

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1965

SARIMCO MINES LIMITED

SUITE 324 - 12 RICHMOND STREET EAST

TORONTO 1, CANADA

TELEPHONE
EMPIRE 8.4651

PRESIDENT'S REPORT

For the year ended December 31, 1965

To the Shareholders:

On behalf of the Board of Directors I submit herewith the Company's Balance Sheet and Financial Statements for the fiscal year ended December 31st 1965.

During 1965 your Company prospected the claims held in Montrose and Hincks Townships, Ontario, but because of negative results these claims will be allowed to lapse, together with the 30 claims in Pontiac Township.

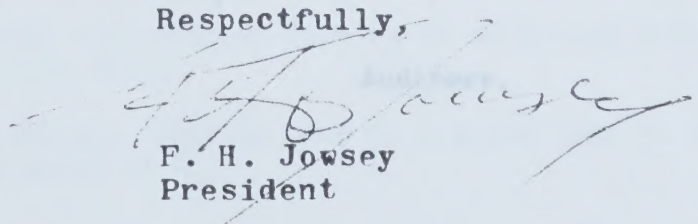
The 18 claims in Massey Township and 4 claims in Tully Township remain in good standing.

In the fall of 1965 Sarimco joined with other mining companies in the staking of 255 claims in Gaspé, Quebec, following the announcement by Terra Nova Explorations Ltd., that they had indicated, by several drilling holes, a large low grade deposit of copper.

As your Directors have been associated with other companies carrying out exploration in the Gaspé area, over a three year period, they decided that if they were to retain the interesting areas for further exploration they must stake the claims as soon as possible or they would be engulfed in the general staking rush.

Your Company has a 22 $\frac{1}{2}$ % interest in these claims and we look forward to much activity in Gaspé this summer.

Respectfully,


F. H. Jowsey
President

Toronto, Ontario,
June 3rd 1966.

SARINGO MINES LIMITED

SUITE 324 - 15 RICHMOND STREET EAST

TORONTO, CANADA

TELEPHONE
EXCHANGES 4651

PRESIDENT'S REPORT

For the year ended December 31, 1965

To the Shareholders:
On behalf of the Board of Directors
I submit herewith the Company's Balance Sheet and Financial
Statements for the fiscal year ended December 31st 1965.

During 1965 your Company prospected
the claims held in Montana and Alaska Townships, Ontario,
but because of negative results these claims will be
allowed to lapse, together with the 30 claims in Ontario
Township.

The 15 claims in Ontario Township and
a claim in Alaska Township were
In the fall of 1965, 2 claims joined
with other companies carrying out exploration in the Gaspé
area. During the summer of 1965, 2 claims were
explored and it was determined that they had indicated by several
drilling holes, a large low grade deposit of copper.

As your Directors have been associated
with other companies carrying out exploration in the Gaspé
area, over a three year period, they decided that it was
wise to retain the interesting areas for further exploration
they must make the claims as good as possible or they would
be engaged in the general mining area.

Your Company has a 50% interest in
these claims and we look forward to much activity in Gaspé
this summer.

Respectfully,

F. H. Jowsey
President

Toronto, Ontario

DELOITTE, PLENDER, HASKINS & SELLS
CHARTERED ACCOUNTANTS

MONTREAL	OSHAWA	TORONTO	HAMILTON
WINDSOR	WINNIPEG	REGINA	CALGARY
EDMONTON	PRINCE GEORGE	VANCOUVER	

55 YONGE STREET
TORONTO 1, CANADA

ASSOCIATED FIRMS IN UNITED STATES OF AMERICA, GREAT
BRITAIN AND OTHER COUNTRIES THROUGHOUT THE WORLD.

To the Shareholders of
Sarimco Mines Limited:

We have examined the balance sheet of Sarimco Mines Limited as at December 31, 1965 and the statements of loss and deficit and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of loss and deficit present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, and the accompanying statement of source and application of funds presents fairly the information shown therein.

Deloitte, Plender, Haskins & Sells

March 7, 1966.

Auditors.

(Incorporated under The Corporations Act, Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1965

(with 1964 figures for comparison)

	<u>ASSETS</u>		<u>LIABILITIES AND CAPITAL AND DEFICIT</u>	
	1965	1964	1965	1964
CURRENT ASSETS:			CURRENT LIABILITIES:	
Cash.....	\$ 7,803	\$ 6,609	Accounts payable and accrued charges.....	\$ 2,923 \$ 17,298
Account receivable (Note 4).....	19,478	-		
Advance to prospector.....	-	175	CAPITAL AND DEFICIT:	
Shares with quoted market value (Note 1).....	-	31,423	Capital stock:	
			Authorized:	
Total current assets.....	27,281	38,207	6,000,000 shares of a par value of \$1 each	
			Issued and fully paid:	
INVESTMENTS - at cost less amounts written off (Note 1):			1,324,001 shares.....	1,324,001
Shares with quoted market value.....	6,047	6,047	Less discount on shares issued.....	(1,056,130) (1,056,130)
Shares with no quoted market value.....	751	7,146		
	6,798	13,193		
ADVANCE TO JOSAN HOLDINGS LIMITED.....	5,000	5,000	Paid-in surplus (Note 3).....	267,871 267,871
				- 711,484
PROSPECTING EQUIPMENT - at cost less amounts written off				
(1964 and 1965 \$813).....	750	750	Deficit (Note 3).....	267,871 979,355
				(218,273) (917,095)
OPTION ON MINING CLAIMS.....	-	16,527	Net capital and deficit.....	49,598 62,260
MINING CLAIMS (Note 2):				
Joint interest.....	9,252	-		
Sole interest.....	3,440	5,881		
	12,692	5,881		
TOTAL.....	\$52,521	\$79,558	TOTAL.....	\$ 52,521 \$ 79,558

Approved by the Board:

.....Director

.....Director

SARIMCO MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1965

1. Investments

The investments of the company have been shown as non-current assets at December 31, 1964 and 1965 except for shares of Roman Corporation Limited held at December 31, 1964 which were sold in 1965 at a profit of \$37,462.

The investments of the company are as follows:

	1965		1964	
	Cost	Market	Cost	Market
	Less Amounts	Value	Less Amounts	Value
	Written Off		Written Off	
Shares with quoted market value:				
10,000 Roman Corporation Limited.....	\$ -	\$ -	\$31,423	\$50,500
10,000 R. J. Jowsey Mining Company Limited.....	\$6,047	\$5,500	\$ 6,047	\$ 5,800
Shares with no quoted market value:				
250 Josan Holdings Limited.....	\$ 250	\$ -	\$ 250	\$ -
10,000 Lyndhurst Mining Company Limited.....	500(a)	-	6,895	-
74,620 Deranco Mines Limited.....				
32,250 Goldyke Mines Limited.....	1(b)	-	1(b)	-
119,086 Beneventum Mining Co. Ltd.....				
	\$ 751	\$ -	\$ 7,146	\$ -

(a) These shares were written down to an estimated value of \$500 during 1965.

(b) These shares were written down in a prior year to a nominal value of \$1.

SARIMCO MINES LIMITEDNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 19652. Mining Claims

The amount of \$9,252 shown for joint interests represents the cost of 26-2/3% interest in 150 mining claims in the Ungava property in Quebec for \$5,000 staked by Ross Toms in his name, and the cost to date of 22-1/2% interest in 255 claims in the Gaspé area for \$4,252 staked by Bruce M. Arnott.

The amount of \$3,440 shown for sole interests is comprised of expenditures made in discovering, staking and recording the following claims:

30 claims in Pontiac Township
9 claims in Montrose Township
12 claims in Hincks Township
18 claims in Massey Township
4 claims in Tully Township

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The above claims were obtained through an informal agreement between the company and A. H. Clark whereby Clark obtains and stakes claims for the company. In return, Clark is reimbursed for expenses and will have a 10% interest in any claim which is further developed. All of these claims are registered in the company's name.

3. Paid-in Surplus and Deficit

On June 16, 1965, the shareholders approved the directors' special resolution of May 31, 1965 to reduce the company's deficit appearing in the balance sheet of the company as at December 31, 1964, by the amount of \$711,484 with a corresponding reduction in paid-in surplus.

4. Account Receivable

Payment was received in January 1966.

SARIMCO MINES LIMITED

STATEMENT OF LOSS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1965

(with 1964 figures for comparison)

	<u>1965</u>	<u>1964</u>
COSTS OF LAPSED MINING CLAIMS AND OPTIONS:		
Mining claims:		
Current year expenditures.....	\$ 5,256	\$ 8,367
Prior year expenditures.....	3,641	-
Options:		
Prior year expenditure.....	<u>16,527</u>	<u>-</u>
	<u>25,424</u>	<u>8,367</u>
ADMINISTRATIVE EXPENSES:		
Annual meeting.....	176	112
Audit fee.....	500	500
Cost of issue of treasury shares.....	-	2,025
Interest on loan.....	-	673
Legal fees.....	377	2,907
Licences and fees.....	761	100
Management fee - F. H. Jowsey Limited.....	1,150	1,200
Prospecting.....	1,657	333
Rent and telephone.....	720	-
Salaries and office expense.....	1,504	1,200
Supplementary letters patent and Toronto Stock Exchange fees in respect of re-capitalization.....	-	3,304
Transfer Agent and Registrar.....	1,526	2,211
Miscellaneous.....	<u>1,078</u>	<u>2,322</u>
Total administrative expenses.....	<u>9,449</u>	<u>16,887</u>
	34,873	25,254
DIVIDEND INCOME.....	<u>500</u>	<u>-</u>
LOSS FOR THE YEAR.....	34,373	25,254
DEFICIT AT BEGINNING OF YEAR.....	917,095	892,223
SECURITIES WRITTEN DOWN (Note 1).....	<u>6,395</u>	<u>-</u>
	<u>957,863</u>	<u>917,477</u>
DEDUCT:		
Paid-in surplus applied in reduction (Note 3).....	711,484	-
Gain on sale of investments (net).....	<u>28,106</u>	<u>382</u>
Total deductions.....	<u>739,590</u>	<u>382</u>
DEFICIT AT END OF YEAR.....	<u>\$218,273</u>	<u>\$917,095</u>

The accompanying notes are an integral
part of the financial statements.

SARIMCO MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1965

SOURCE OF FUNDS:

Gain on sale of investments..... \$28,106

APPLICATION OF FUNDS:

Loss for the year..... \$34,373

Deduct prior year expenditures not involving a current
outlay of funds..... 20,168 \$14,205

Acquisition of options and interests in mining claim..... 10,452

Total application of funds..... 24,657

INCREASE IN WORKING CAPITAL..... 3,449

WORKING CAPITAL AT BEGINNING OF YEAR..... 20,909

WORKING CAPITAL AT END OF YEAR..... \$24,358

